

Message Text

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ACTION A-01

INFO OCT-01 EA-07 ISO-00 /009 W
----- 100867

R 110715Z SEP 74
FM AMEMBASSY SINGAPORE
TO SECSTATE WASHDC 1197

UNCLAS SINGAPORE 3708

E.O. 11652: N/A
TAGS: AFSP, SN
SUBJECT: REPRESENTATION FUNDS

REF: ASST. SECRETARY JOHN THOMAS' LETTER TO AMBASSADOR
CRONK, DATED AUGUST 23, 1974

1. SINCE REF LETTER WAS DELAYED IN ARRIVAL, EMBASSY
REPLYING BY TELEGRAM TO MEET DEADLINE.

2. OUT OF POCKET - FY 1973
COM US\$242.00

3. OTHER ENTERTAINMENT EXPENSES INCURRED IN NATIONAL
INTEREST CY 1973 FOR WHICH NO REIMBURSEMENT RECEIVED:

COM	US\$ 3804.00
DCM	306.00
ECON OFFICER	212.00
ADMIN OFFICER	182.00
GSO	260.00
TOTAL	US\$ 4764.00

4. POST PROJECTS GREATER REQUIREMENTS FOR REPRESENTATION
FUNDS IN FY 76 OWING TO:

(A) AN INCREASE OF ONE AMERICAN POSITION IN THE
ECON/COMMERCIAL SECTION THIS YEAR.

(B) U.S. TRADE CENTER HAS FINISHED SUCCESSFUL FIRST
YEAR AND IS PLANNING MORE TRADE PROMOTION ACTIVITY FOR
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FUTURE YEARS. USTC RECEIVES "HOSPITALITY FUNDS" PAID BY

EXHIBITORS FOR EACH SCHEDULED TRADE SHOW, BUT THE TWO OFFICERS EXPECT TO DRAW UPON EMBASSY FUNDS TO DEVELOP AND MAINTAIN RELATIONS WITH APPROPRIATE GOVERNMENT AND BUSINESS CONTACTS BETWEEN EXHIBITS. THESE OFFICERS WERE ADDED TO STAFF O/A JANUARY 1, 1973; NO INCREASE IN REPRESENTATION FUNDS WAS PROVIDED. TRADE CENTER'S EXPANDING PROGRAM WILL REQUIRE GREATER UTILIZATION OF EMBASSY REPRESENTATION FUNDS IN COMING YEARS.

(C) POST IS OPENING A NEW COMMERCIAL CENTER IN CHANCERY AND ANTICIPATE CONSIDERABLY MORE BUSINESS AND GOVERNMENT CONTACTS WILL BE GENERATED. AN INCREASE IN ECON/COMMERCIAL UNIT'S REPRESENTATION REQUIREMENTS IS CERTAIN TO FOLLOW.

(D) WHILE DEFINITE PLANS NOT YET MADE, THERE SEEMS NO DOUBT THAT JULY 4, 1976 BICENTENNIAL CELEBRATION WILL COST CONSIDERABLY MORE THAN MODEST 1974 JULY 4 CELEBRATION WHICH RAN US\$ 348.00.

5. EFFECT OF DEVALUATION AND INFLATION:

(A) DEVALUATION AND DOLLAR FLOAT:
JUNE 1971 - US\$1.00 EQUALS S\$3.06
CURRENT US\$1.00 EQUALS S\$2.47; 20 PERCENT LOSS FROM JUNE, 1971.

(B) AVERAGE WAGE RATES HAVE INCREASED ABOUT 30-35 PERCENT SINCE 1971; THIS IS REFLECTED IN INCREASED COSTS OF CATERING, RESTAURANT MEALS, AND CASUAL HELP.

(C) FOOD AND OTHER COSTS HAVE INCREASED SHARPLY OVER PAST TWO YEARS. GOS COST OF LIVING INDEX IN JUNE 1974 WAS 142.6 AGAINST NOVEMBER 1972 BASE OF 100. FOOD INDEX INCREASED 61.5 PERCENT OVER SAME PERIOD. WHILE THIS HAS UPWARD BIAS DUE TO HEAVY WEIGHTING FOR RICE, IT IS A FAIR ESTIMATE THAT FOOD AND RESTAURANT COSTS FOR REPRESENTATIONAL-TYPE FUNCTIONS HAVE INCREASED AT LEAST 35-40 PERCENT OVER PAST TWO YEARS ON THE AVERAGE. FOR EXAMPLE, BETWEEN NOVEMBER 1972 AND JUNE 1974, PRICE OF MEAT AND POULTRY INCREASED 51 PERCENT, FISH 53 PERCENT, UNCLASSIFIED

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DAIRY PRODUCTS AND EGGS 11 PERCENT, FATS AND OILS 69 PERCENT, VEGETABLES 24 PERCENT AND FRUIT 35 PERCENT.

6. IN SUMMARY, WE HAVE SUFFERED A DECLINE OF 55-60 PERCENT IN THE REAL VALUE OF DOLLAR SINCE 1971 (20 PERCENT DEVALUATION AND 35-40 PERCENT INFLATION OF REPRESENTATIONAL COSTS). AT THE SAME TIME WE HAVE ADDED THREE OFFICERS TO THE STAFF (FROM 7 TO 10). IT

SHOULD BE RECOGNIZED THAT THESE ADDITIONAL OFFICERS DO NOT REQUIRE AS MUCH REPRESENTATIONAL FUNDS AS SENIOR OFFICERS IN THE EMBASSY, BUT THEY HAVE SOME REPRESENTATIONAL RESPONSIBILITIES WHICH REQUIRE FUNDING. AS A PARTIAL OFFSET, OUR BASE REPRESENTATIONAL ALLOTMENT HAS INCREASED 16 PERCENT SINCE 1972 (FROM \$5600 IN FY 72 TO \$6600 IN FY 74). THUS, ON BALANCE, WE ARE ROUGHLY 50 PERCENT BELOW OUR 1971 LEVEL OF REPRESENTATIONAL CAPACITY IN REAL TERMS PER EMBASSY OFFICER.
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